

Message Text

UNCLASSIFIED

PAGE 01 MONROV 05824 161740Z

61

ACTION XMB-04

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FM AMEMBASSY MONROVIA

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INFO AMCONSUL CASABLANCA

UNCLAS MONROVIA 5824

E.O. 11652: N/A

TAGS: BTIO, EAIR, LI

SUBJECT: GOL INTEREST IN LARGE JET FOR PRESIDENTIAL USE

REF: (A) MONROVIA 3234, (B) MONROVIA 5445

CASABLANCA FOR RCAA

1. GOL STILL ACTIVELY CONSIDERING PURCHASE LARGE JET FOR PRESIDENTIAL USE (ALONG LINES REPORTED REF A). BOTH DOUBLAS AND BOEING HAVE BEEN IN FREQUENT CONTACT WITH FINMIN PHILLIPS, AND REPORTEDLY HAVE MADE FIRM PRICE PROPOSALS TO GOL ON DC-9 AND B-737. EMBASSY DOES NOT KNOW IF PHILLIPS HAS CONVEYED HIS FEELINGS TO TWO COMPANIES, BUT EMBASSY BELIEVES THERE BASIC MISUNDERSTANDING ON PHILLIPS' PART RE PRICE OF AIRCRAFT.

2. PHILLIPS HAS REPEATEDLY GRUMBLERD ABOUT HIGH PRICE OF AIRCRAFT, AND AS RECENTLY AS AUGUST 13 TOLD COMMATT HE CONVINCED THAT \$11 MILLION PRICE INCLUDES QTE THIRTY PERCENT FEES FOR AGENTS AND DEALERS UNQTE. THIS THEME CONSTANT WITH PHILLIPS AND HE REFUSES TO LISTEN TO COMMATT ASSURANCES THAT BOTH DOUGLAS AND BOEING DEALING DIRECTLY WITH GOL AND SUCH FEES ARE NOT INVOLVED. PHILLIPS KEEPS SAYING THAT WHEN PRICE COMES DOWN TO SOMETHING NEARER SEVEN MILLION DOLS GOL READY TO BUY. AIRCRAFT FIRMS MUST FOCUS ON PHILLIPS' APPARENT REFUSAL ACCEPT REALITIES OF RISING COSTS, AND SOMEHOW GET MESSAGE ACCROSS TO HIM THAT

UNCLASSIFIED

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PAGE 02 MONROV 05824 161740Z

PRICES QUOTED ARE LOWEST AVAILABLE AND THAT AGENT AND OTHER

EXTRANEIOUS FEES ARE NOT RPT NOT PART OF PRICE. FYI: AIR LIBERIA PRESIDENT CROSBIE (BRITISH CALEDONIA) TOLD COMMATT OVER WEEKEND THAT PRICE QUOTED FOR BAC-111 WELL OVER DOLS TEN MILLION, SO APPARENTLY COMPETITION RUNNING INTO SAME STUMBLING BLOCK.

3. IN FRIDAY CONVERSATION WITH COMMATT, PHILLIPS INTERJECTED NEW WRINKLE INTO DISCUSSION OF PURCHASE LARGE JET. HE SAID HE HAD BEEN GIVEN GO-AHEAD BY PRESIDENT TO PRUCHASE JET QTE AS LONG AS IT DOESN'T COST MORE TO PURCHASE AND OPERATE AIRCRAFT FOR PRESIDENTIAL USE THAN IT DOES TO CHARTER AIRCRAFT UNQTE FOR PRESIDENT'S TRIPS. PHILLIPS SAYS HE HAS ANALYZED SITUATION AND THAT PRESIDENT'S CONCERNS CAN BE MET BY PURCHASING CONVERTIBLE EXECUTIVE/CARGO CONFIGURATION AND OPERATING CARGO OPERATION WHEN NOT BEING USED BY PRESIDENT. PHILLIPS SAID THAT HE QTE READY TO BUY RIGHT NOW UNQTE IF PACKAGE DEAL CAN BE ARRANGED WHEREBY PANAM WILL OPERATE CARGO OPERATION FOR REGIONAL TRANS-SHIPMENT OF CARGO BROUGHT TO MONROVIA BY PAN AM. PHILLIPS SAID HE HAD RAISED THIS WITH PAN AM (CONFIRMED BY LOCAL MANAGER). COMMATT ASKED PHILLIPS IF THIS WOULD NOT CONFLICT WITH B/CAL MANAGEMENT OF AIR LIBERIA (PRESIDENTIAL AIRCRAFT WOULD CARRY AIR LIBERIA MARKINGS), BUT PHILLIPS DISMISSED PROBLEM BY SAYING QTE THOSE DETAILS CAN BE WORKED OUT LATER UNQTE. ALTHOUGH THIS SEEMS LIKE PROPOSAL FRAUGHT WITH ALL SORTS OF PROBLEMS, LOCAL PAN AM OFFICE HAS REPORTED PHILLIPS APPROACH TO HEAD OFFICE AND DOUGLAS AND BOEING MAY WISH TO DISCUSS MATTER FURTHER WITH AIRLINE.

4. COMMENT: AGAIN, BASIC PROBLEM IN PHILLIPS' MIND IS PRICE AND EMBASSY HAS BEEN NOTABLY UNSUCCESSFUL IN CONVINCING HIM OF THE ECONOMIC REALITIES OF THE SITUATION. HOWEVER, HE WITHOUT QUESTION THE KEY CONTACT IN GOL (COMMITTEE REPORTED REF A CURRENTLY INACTIVE) AND APPEARS SERIOUS IN HIS INTEREST IN LARGE JET FOR PRESIDENT. THEREFORE BELIEVE IT STILL WORTHWHILE FOR DOUGALS AND BOEING MAINTAIN CONTACT AND KEEP TRYING.

5. ACTION REQUESTED: DOUGLAS (J.E. CROSTHWAIT, V.P. GOVT. MKTG.) AND BOEING (RICHARD C. BROWN, INTL.SALES/AFRICA) SHOULD BE BRIEFED SOONEST CONTENTS THIS MESSAGE. THEIR FURTHER UNCLASSIFIED

UNCLASSIFIED

PAGE 03 MONROV 05824 161740Z

EFFORTS SHOULD BE AIMED AT (A) CONVINCING PHILLIPS THAT PRICES QUOTED ARE NOT INFLATED BECAUSE OF AGENTS' FEES, (B) THAT AIRCRAFT CAN BE PROFITABLY OPERATED IN CONVERTIBLE EXECUTIVE/ CARGO CONFIGURATION, AND (C) THAT COMPANIES WILLING CONSIDER (IF FEASIBLE) SALES PACKAGE THAT WOULD INCLUDE MANAGEMENT/ OPERATION OF REGIONAL CARGO OPERATION IN CONJUNCTION WITH AIRLINE. CROSBIE (AIR LIBERIA) TAKING GOL CIVAIR OFFICIALS TO FARNBOROUGH AIR SHOW AND COMPANIES SHOULD MAKE ATTEMPT

CONTACT THEM THERE. ALSO, PLEASE ASK COMPANIES IF THEY WISH
EMBASSY TAKE ANY SPECIFIC ACTION THEIR BEHALF.
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